

# Virginia's Market Based Brownfields Program

Presented by:  
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# Brownfields 101

# What, Where, & How Many?

- Brownfields are abandoned, idled, or under-used industrial and commercial property where expansion or redevelopment is complicated by real or perceived environmental contamination
- There are brownfields all over VA
  - Idled furniture factories & textile mills, mine scarred lands, abandoned gas stations, strip malls with dry cleaners, land fills, salvage & scrap yards, etc
- Estimates include
  - Hundreds of thousands nationally
  - 1,500 in Virginia

# Brownfields.....

- Are a concern due to
  - Potential environmental threats
  - Negative economic impacts
- Are attractive real estate opportunities thanks to their
  - Location, price, and existing infrastructure

# Brownfield Redevelopment Unites Competing Interests

- Brownfield projects are real estate deals with an environmental component – *developer's perspective*
- Leveling the financial playing field between greenfields and brownfields is a must – *market reality*
- Economic development is typically the localities objective – *locality perspective*
- DEQ seeks enhanced environmental outcomes including land conservation – *DEQ's perspective*

# The Bottom Line is the Bottom Line

- Brownfields are first and foremost real estate transactions
- At the end of the day is there money to be made?
  - DEQ hitched the wagon to the developers profit motive
    - For DEQ, deals = cleanups & land conservation
- Financially for the developer, does the gain outweigh the pain?
  - Can the \$ playing field be tilted towards a brownfield?
- For localities, can projects they undertake withstand public scrutiny?
  - Questions of risk and safety

# State Program Enhancements

## ■ State Brownfields Legislation (July 2002)

- Intended to fill liability, cost, and time gaps
  - amnesty to property owners from civil penalty/fines for voluntary disclosure
  - limitations on liability for buyers & other acquisition scenarios
  - brownfield fund (yet to be appropriated)
    - draft agreement between DEQ, VEDP, and VRA in place

## ■ Memorandum of Agreement (MOA) with EPA

- Constitutes no federal interest in voluntary cleanups
  - EPA won't pursue federal enforcement

## ■ Low interest loans for cleanups via Clean Water RLF

## ■ EPA grant money to perform a limited number of site environmental assessments

# Results and Success Stories

*Brownfield Redevelopment  
Makes Dollars and Sense*



# It's Working Because...

- DEQ is earning trust and credibility with its customers
- Common sense, market based program
  - DEQ views itself as a business partner
    - DEQ isn't the customer...the customer is
- Strong agency commitment
- Attitude of being helpful
  - We know and use the word “yes”
- We facilitate, don't just regulate
  - Trained & sensitive staff empowered to help
- Favorable reputation of the Voluntary Remediation Program (VRP)

# Virginia Advantages

- Strong agency support
- Expedited process- liability comfort letters turned around in 3 weeks or less
- Brownfields Coordinator helps facilitate deals
- Full EPA support
  - Virginia program is highly regarded
- Other states emulating our program

# Environmental Cleanups

- Brownfields can be cleaned up
  - Voluntarily (Voluntary Remediation Program)
  - As required by regulation
    - RCRA, Solid Waste, Underground Storage Tank
- Time to remediate varies from site to site

# Financial Windfall

- Attracts capital reinvestment
- Increases local tax revenue
- Stimulates local economy
- Increases adjacent property values
- Retains jobs
- Creates jobs
  - Full time
  - Part time
- Conserves land
- Eases locality infrastructure expenses

# Since August 2003...

- Brownfield Program has facilitated 63 redevelopment projects resulting in
  - 524 million dollars reinvested\*
    - Average 8.32 million reinvested per site
  - 1,393 full time jobs created\*
    - Average of 22 new full time jobs per project
  - 3,190 part time jobs created\*
    - Average of 50 part time jobs created per project
  - 488 jobs retained (at 4 different businesses)

\* Understated as less than 25% of 63 projects volunteered metrics.

# Land Conserved

- 195 acres reused\*
  - Average of 3.1 acres per site
- EPA estimates that for every acre of brownfield reused, 4.5 acres of greenfield is left undeveloped
  - 877 acres of land conserved\*

\* Understated as only 22% of 63 projects volunteered metrics.

# Value Added Returns

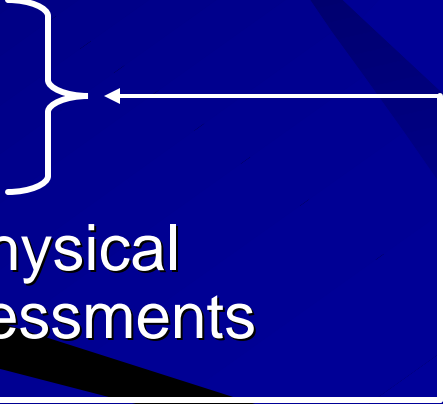
- Brownfield redevelopment reverses concentric blight effect
  - adjacent property values increase and become more attractive to buyers
  - Business attracts business
    - Example: Rocketts Landing and Fulton Gas Works
- Localities save money in infrastructure expansion/improvements on acres reused
- Local economy stimulated
- Slows sprawl

The background of the slide is a solid blue color, overlaid with a complex pattern of black geometric shapes. These shapes include various triangles, rectangles, and lines of different sizes and orientations, creating a dynamic and abstract visual effect. The shapes are layered, with some appearing to be in front of others, giving a sense of depth.

# Market Realities, Challenges, and a Look Ahead



# Market Realities & Challenges

- Two brownfield opportunity models
    - Quick turn, market driven real estate opportunities
    - Long term, community development projects
  - A Phase I ESA (for greenfield dev.) costs ~ \$3,500
  - A Phase II ESA for a brownfield costs \$50,000 - \$75,000
    - Money most at risk in a deal
    - Biggest obstacle to getting deals started
    - Required by lenders
  - Only 20% of brownfield sites require physical remediation but 100% require site assessments
    - environmental costs are front loaded
  - Some sites require deconstruction
  - Some sites require (hazardous) waste removal
  - Appropriating the fund would seed many more projects by providing pivotal site assessment dollars
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# Market Driven Real Estate Opportunity Success Story

## ■ Kenbridge

- Previous industrial site
- Site sat fallow for years due to lack of assessment dollars
  - DEQ paid for site assessment
    - Used EPA grant \$ (limited availability)
  - Little contamination found, VRP eligible
  - DEQ issued brownfield liability comfort letter
- Buyer contracted to purchase on the strength of site assessment and brownfield liability comfort letter
  - Answered environmental questions
  - Buyer comforted by DEQ review and OK
- Deal closed in late March
- Being reused to distribute high end car parts

# Community Development Success Story

## ■ Lynchburg

- Contiguous industrial and nursery sites
- Both adjacent to newly renovated minor league ballpark
- Both were eyesores and public nuisances
- Sites sat fallow for years due to lack of assessment dollars
- DEQ paid for both site assessments
  - Used EPA grant \$ (limited availability)
- Little contamination found, VRP eligible
- DEQ issued brownfield liability comfort letter
- Redevelopment includes:
  - Industrial site used for parks and recreation expansion
    - Compliments recently renovated minor league ball park
    - Public use facilities (buildings, parking, etc)
    - Public ball fields
    - Green space creation
  - Nursery converted to organic farming operation
    - Workforce development for handicapped and other
    - Sustainable operation using various waste minimization techniques
    - Public vegetable and flower garden plots

# Formula For Success

**Liability  
Comfort**



**Environmental  
Assessment  
Dollars**



**(\$50k - \$75k)**



**\$8.3M in capital  
reinvestment**



**22 new full time  
jobs created**



**50 part time jobs  
created**



**3.1 acres reused**

**Brownfield Project**

# Stimulating the Market via DEQ Brownfields Website

- [www.deq.virginia.gov/brownfieldweb](http://www.deq.virginia.gov/brownfieldweb)
- Brownfields Marketplace
  - Free advertising for businesses
    - Developers, attorneys, consultants, lenders, etc
  - Available Sites Inventory
    - Via Virginia Economic Development Partnership
  - Brownfields Wanted
    - Developers/investors advertise for sites they seek
  - Funding
    - Clean Water RLF
      - Low interest loans for redevelopment projects

# How Can Virginia Best Compete?

- There are hundreds of millions of capital investment dollars waiting to be spent
- Continue top level support of brownfield redevelopment
- Appropriate the fund
- Consider additional, creative tax & other incentives
- Continue to engage and educate economic developers, city planners/managers, professional service providers, etc

# Virginia Brownfields Program

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